

February 21, 2002

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

BY HAND DELIVERY

Mr. William F. Caton
Secretary
Federal Communications Commission
236 Massachusetts Avenue N.E., Suite 110
Washington, D.C. 20002

**Re: British Telecommunications plc and AT&T
Corporation Unwind of Concert Joint Venture,
IB Docket Nos. 98-212 and 01-330**

Dear Mr. Caton:

Pursuant to an October 23, 1998 agreement, AT&T Corp. ("AT&T") and British Telecommunications plc ("BT") agreed to form an international joint venture ("Concert") to serve the complete communications needs of multinational companies around the world. The joint venture combined the trans-border assets and operations of each company, including existing international networks and products for business customers, and selected multinational accounts in certain industry sectors. The two companies entered into a national security agreement (the "Agreement") with the Department of Defense, the Department of Justice and the Federal Bureau of Investigation on October 7, 1999, ^{1/} which agreement was made a condition of the Order of the Federal Communications Commission ("FCC") granting licenses to the joint venture (Docket No. 98-212).

On October 16, 2001, AT&T and BT announced that they had entered into binding agreements to unwind their Concert joint venture. Pursuant to this announcement, AT&T and BT filed certain applications with the FCC in Docket No. 01-330 on November 7, 2001. The companies also wrote to the appropriate authorities at the Department of Defense, the Department of Justice, and the Federal Bureau of

^{1/} Agreement dated October 7, 1999 by and between AT&T Corp., British Telecommunications plc, TNV (Netherlands) BV, VLT Co. LLC, Violet License Co. LLC, the United States Department of Defense, the United States Department of Justice and the Federal Bureau of Investigation.

Investigation to request that these agencies exercise their authority under Article V of the Agreement to terminate said Agreement (see enclosed letter dated November 7, 2001).

The Agreement was entered into in order to deal with national security, law enforcement and public safety matters raised in connection with the establishment of the Concert joint venture. In particular, the Agreement was intended to establish certain obligations concerning telecommunications of U.S. subscribers to the joint venture as well as the operations of those U.S. subsidiaries of Concert (VLT Co. LLC and Violet License Co. LLC (collectively defined in Article 8.1.3 of the Agreement as the "Company")) which owned and operated Domestic Telecommunications Infrastructure (as defined in Section 8.1.7). With the dissolution of the joint venture, there will no longer be any U.S. joint venture subscribers. Also, under the terms of the unwind agreement, the Company will be wholly owned by AT&T.

Article V of the Agreement specifically authorizes the above agencies to terminate the Agreement. Among the circumstances under which termination may be considered is the sale of the Company to a company or person not under foreign ownership, control or influence. (Article 5.1(a)(i) and (b)) The Company is being transferred to AT&T, a U.S. corporation that is not under foreign ownership, control or influence. In light of this fundamental change in circumstances, AT&T and BT have requested that the Agreement be terminated.

In furtherance of this request, AT&T and BT met with representatives of the above agencies. In these discussions, BT indicated that it will have policies in place for its U.S. operations after the unwind of Concert that will provide for compliance with law enforcement requests, safeguarding of customer information, and protection of the network. More specifically, BT indicated that its policies going forward will provide for:

Compliance with Law Enforcement Requests

- A designated point-of-contact for receipt and processing of requests for assistance from law enforcement agencies, including requests for interception or surveillance of communications;
- A designated technical official to assist, where applicable, in execution of such requests;
- The provision of, or access to, the stored electronic or wire communications and subscriber information and transactions records of U.S. subscribers requested pursuant to lawful U.S. process;

- Confidential treatment, and prohibition of unauthorized disclosure, of the record of such requests and information supplied in response to such requests

Safeguarding of Customer Information

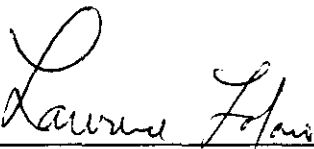
- Protection of customer information from unauthorized access or disclosure both within and outside the company;
- Procedures for reporting to appropriate company officials any unauthorized disclosure of such information;
- Application of information safeguard policies to agents and contractors of the company via non-disclosure agreements, as appropriate;
- Procedures to ensure that, notwithstanding the company's information safeguard policies, all employees know of their obligation to abide by all applicable U.S. laws, including, for example, response to lawful process;

Safeguarding the Network

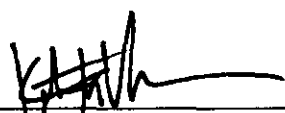
- Prohibition against unauthorized access to the network;
- Procedures for reporting to appropriate company officials any actual or attempted unauthorized accessing of the network;
- Requirement to verify the recent employment and residence history of persons who assume positions that provide access to sensitive areas of the network.

In view of the unwinding of the Concert joint venture and the recent discussions between AT&T, BT and the government agencies that were parties to the Agreement, we understand that those agencies concur with our request that the Agreement be terminated upon the unwind of the Concert joint venture.

Respectfully submitted,

By 
Lawrence J. Lafaio
General Attorney, AT&T Corp.

Respectfully submitted,

By 
Kristen M. Verderame
Vice President, BT North America Inc

Enclosures

cc: John P. Stenbit
Assistant Secretary of Defense
Command, Control Communications and Intelligence
Department of Defense

Larry Parkinson
General Counsel
Federal Bureau of Investigation

Michael Chertoff
Assistant Attorney General
Criminal Division
Department of Justice

Kathleen Collins
Susan O'Connell
International Bureau
Federal Communications Commission

Qualex International

FCC Reference Information Center

November 7, 2001

John P. Stenbit
Assistant Secretary of Defense
Command, Control Communications and Intelligence
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Washington, D.C. 20301-6000

Larry Parkinson
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Washington, D.C. 20535-0001

Michael Chertoff
Assistant Attorney General
Criminal Division
Department of Justice
950 Pennsylvania Avenue, N.W.
Washington, D.C. 20530-0001

Dear Messrs. Stenbit, Parkinson and Chertoff:

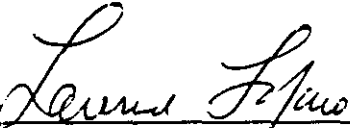
On October 16, 2001, AT&T Corp. ("AT&T") and British Telecommunications plc ("BT") announced that they had entered into binding agreements to unwind Concert, their international joint venture for the provision of international telecommunications services, and to return Concert's businesses, customer accounts and networks to the parent companies. In view of this announcement, we are writing to request that your agencies exercise their authority under Article V of the Agreement dated October 7, 1999 by and between AT&T Corp., British Telecommunications plc, TNV (Netherlands) BV, VLT Co. LLC, Violet License Co. LLC, the United States Department of Defense, the United States Department of Justice and the Federal Bureau of Investigation (the "Agreement") to terminate said Agreement.

The Agreement was entered into in order to deal with national security, law enforcement and public safety issues that arose in connection with the establishment of the Concert joint venture. In particular, the Agreement was intended to establish certain obligations concerning telecommunications of U.S. subscribers to the joint venture as well as the operations of those U.S. subsidiaries of Concert (VLT Co. LLC and Violet License Co. LLC (collectively defined in Article 8.1.3 of the Agreement as the "Company")) which owned and operated Domestic Telecommunications Infrastructure (as defined in Section 8.1.7). With the dissolution of the joint venture, there will no longer be any U.S. joint venture subscribers. Also, under the terms of the unwind agreement, the Company will be wholly owned by AT&T.


Article V of the Agreement specifically authorizes your agencies to terminate the Agreement. Among the circumstances under which termination may be considered is the sale of the Company to a company or person not under foreign ownership, control or influence. (Article 5.1(a)(i) and (b)) Company is being transferred to AT&T, a U.S. corporation that is not under foreign ownership, control or influence.

In light of this fundamental change in circumstances, we respectfully request that you terminate the Agreement. We would like to arrange a meeting with you to discuss the details of the unwind arrangements and will call your offices to schedule such a meeting.

Respectfully submitted,

By 
Lawrence J. Lafaro
General Attorney, AT&T Corp.

Respectfully submitted,

By 
James E. Graf II
President, BT North America Inc

Messrs. Stenbit, Parkinson and Chertoff
November 7, 20001
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cc: William J. Haynes, II
General Counsel
Department of Defense

Valerie Heil
Director, Industrial Security Program
Defense Security Service
Department of Defense

Neil Gallagher
Assistant Director
National Security Division
Federal Bureau of Investigation